

Original Long Term #1

HORMEL FOODS CORPORATION

LONG-TERM HOG PROCUREMENT AGREEMENT

Hormel Foods Corporation, with its principal place of business in Austin, Minnesota, (hereinafter "Hormel Foods"), desires to obtain butcher hogs from the undersigned producer ("Producer") who wishes to participate in a long-term commitment program. Under this program, Hormel Foods will pay Producer an established hog production cost plus an agreed upon factor, the sum of which will be called the "guaranteed minimum price." In exchange, when the "prior week's average market price" (as defined by this Agreement) exceeds the guaranteed minimum price, Hormel Foods shall retain one-half (1/2) of the difference between the two prices, in accordance with the following terms and conditions:

1. TERM. The term of this Agreement is for a period of five (5) years to ten (10) years from the date of receipt of the first hogs delivered on the contract set forth below. The length of time is to be determined and agreed upon by Hormel Foods and Producer. The term contained herein is a term of essence of the Agreement: it is hereby acknowledged by both parties that Hormel Foods' payment of a guaranteed minimum price is contingent upon Producer's ability to remain in the program for the entire term of the contract, so as to allow for ordinary market swings to become fully incorporated in the pricing structure. The undersigned producer agrees to a term of _____ years under this Agreement.
2. HORMEL FOODS' OBLIGATIONS.
 - (a) Hormel Foods will agree to pay Producer a guaranteed minimum price, as set forth in the attached Cost Allowance Matrix, plus \$5.00 per live cwt (hereinafter defined as "guaranteed minimum price"). As shown in the Cost Allowance Matrix, costs will be subject to weekly changes based on an eight (8) week moving average of Omaha corn and Decatur/Central Illinois 44½ soymeal prices. The Cost Allowance Matrix is for plant delivered hogs.
 - (b) The Cost Allowance Matrix will not change during the contract term except if:
 - (1) corn and soybean quotes are no longer reliable or indicative of actual corn and soymeal markets; or
 - (2) changes in production practices occur such as the use of Beta Agonist, PST, other feed additives or medications, implementation of new equipment or

facilities or any other change which has an impact on production costs; or

- (3) any other unpredictable circumstances that affect the Production Cost Allowance Matrix; or
 - (4) based upon a regular annual review by Hormel Foods, the Cost Allowance Matrix is determined to no longer accurately reflect hog production efficiencies and costs.
- (c) Hormel Foods will agree to continue paying Producer on a guaranteed minimum basis for the entire term of the Agreement.
- (d) Every Monday morning the "contract price" for hogs delivered to Hormel Foods during the upcoming week will be determined as follows: (Refer to Exhibit A for an example.)
- (1) The daily average of the prior week's (Monday-Friday) 11:00 a.m. Hormel Foods' Grade & Yield, plant delivered meat prices will be calculated.
 - (2) If the prior week's average price is less than or equal to the guaranteed minimum price, then the guaranteed minimum price becomes the contract price.
 - (3) If the prior week's average price is greater than the guaranteed minimum price, then the midpoint between last week's average price and the guaranteed minimum price becomes the contract price.
 - (4) For hogs delivered to buying stations, the plant delivered contract price will be adjusted by the station delivered freight discount in effect at the time of delivery.

This contract price will then be used in connection with Hormel Foods' Grade & Yield program in effect at the time of delivery to determine the final amount to be paid to Producer. Grade & Yield premiums and discounts shall be paid to the Producer on the basis of the daily average of the prior week's (Monday-Friday) 11:00 a.m. Hormel Foods' Grade & Yield meat price; see (d), (1) or (4).

- (e) Inspection, sorting and weighing shall be performed by Hormel Foods at the delivery location or the plant. No hogs shall be accepted to fill a contract that weigh less than two hundred ten (210) pounds, or that are crippled, lame, sick, overfilled or otherwise unmerchantable. All hogs shall be priced per Hormel Foods' Grade & Yield program in effect at the time of delivery (Grade & Yield program is subject to change).

- (f) Hormel Foods shall keep all necessary records with respect to the receipt, weighing and payment of all livestock in accordance with its regular record retention and destruction schedule. At the present time, all scale tickets, P&L's, and checks are destroyed after two (2) years. Producer may inspect such records during normal business hours at locations designated by Hormel Foods upon reasonable notice by Producer to Hormel Foods. Hormel Foods shall supply copies of such records as Producer may reasonably request at Producer's expense.

3. PRODUCER'S OBLIGATIONS.

- (a) Producer must at all times raise and supply to Hormel Foods top quality, healthy and wholesome hogs. Producer must have a genetic program capable of producing lean, uniform sorted hogs that consistently meet Hormel Foods' requirements.
- (b) Producer must have Hormel Foods' approved facilities to farrow and finish hogs year round. Market hogs must be produced uniformly in size and numbers week to week and sold on Hormel Foods' Grade & Yield Buying Program. Hogs must be delivered according to a prearranged schedule acceptable to Hormel Foods. Producer must estimate a weekly number of hogs it intends to market each week and will not be permitted to deviate substantially from this estimate except by mutual agreement of the parties.

The undersigned producer hereby estimates that it will supply the following quantity of hogs to Hormel Foods under this program:

_____ hogs per week

This number can be changed from time to time during the Term of the Agreement by the mutual consent of the parties. Any change to this number shall be confirmed in writing and shall be placed in the Producer's contract file with this original Agreement.

- (c) Producer must be supervised by a licensed veterinarian and must properly use any applicable drugs and adhere to required withdrawal procedures thereto. Producer must be on the Pork Quality Assurance Program, a HACCP program of America's Pork Producers. Producer must be at Level III or be working to obtain Level III.
- (d) Producer must use an approved feeding program and must allow Hormel Foods the right to inspect hogs and facilities. The use of Hormel Foods' feed is not required, but the Producer must agree to listen objectively to Hormel Foods' feed presentations.

- (e) Producer must at all times be able to demonstrate its financial soundness to Hormel Foods and to provide evidence thereof upon the request of Hormel Foods. In light of the term of the contract, Producer must demonstrate at all times the ability and likelihood that its farm will be operational and producing hogs for at least a period of the length of the contract. Hormel Foods shall have ongoing access to cost and financial records of Producer under this Agreement. Producer must also use an approved cost and record keeping system.

4. OPTIONS TO EXTEND CONTRACT.

- (a) If Hormel Foods is in a negative cash position with Producer at the end of the initial term of this Agreement, Hormel Foods shall have the right to elect to extend the Agreement for up to an additional five (5) years, or until such time as Hormel Foods has recouped its losses. "Negative cash position" is defined as the amount that Hormel Foods has paid to Producer over the initial term for hogs purchased from Producer under the guaranteed minimum payment program that exceeds the total market value of those hogs during that same period. Producer shall be permitted to cancel Hormel Foods' option to extend the Agreement at any time after the completion of the initial term by making a cash payment to Hormel Foods sufficient to balance out the negative cash position.
- (b) If Hormel Foods is in a positive cash position with Producer at the end of the initial term of this Agreement, Producer will have the right to extend the Agreement for five (5) additional years. During this five (5) year extension, Producer can cancel (1) anytime that Hormel Foods is in a positive cash position; (2) anytime that Hormel Foods is in a negative cash position by making a cash payment to Hormel Foods sufficient to balance out the negative cash position.
- (c) The provisions in sections 4a and 4b are subject to the following restrictions:
 - (1) that any extension to the Agreement by either party shall be governed by the terms of the basic Long-Term Procurement Agreement being offered at the time of the extension.
 - (2) that Hormel Foods reserves the right to terminate the Long-Term Procurement program in its entirety at any time after the initial contract term has ended, and

upon such a termination any extension previously made under sections 4a or 4b shall likewise be terminated,

and the parties shall be released from any further obligation to participate in the program.

5. **DEFAULT.** If Producer defaults in its contract with Hormel Foods by failing to deliver hogs that the Producer is free to sell, or if Producer otherwise breaches this Agreement in any way, Producer shall indemnify, defend and hold Hormel Foods harmless against any losses, claims or lawsuits caused by said default or breach. Hormel Foods shall be entitled to offset any losses under this provision against any amounts due and owing to Producer until such unpaid costs have been satisfied.
6. **TERMINATION.** This Agreement is subject to termination by Hormel Foods at any time if Hormel Foods discontinues the slaughtering of hogs.
7. **WAIVER.** The failure of either party to enforce at any time any of the provisions of this Agreement, or to exercise any option which is herein provided, or to require at any time performance by the other party of any of the provisions hereof, shall in no way be construed to be a waiver of such provisions, nor in any way to affect the validity of this Agreement or any part thereof, or the right of either party to thereafter enforce each and every such provision.
8. **LIMIT OF AUTHORITY.** Except as provided in this Agreement, it is agreed that neither party is in any way the legal representative or agent of the other party for any purpose whatsoever, and has no right or authority to assume or create any obligation of any kind, express or implied, on behalf of the other party.
9. **NONEXCLUSIVITY.** This Agreement shall not be exclusive to Producer, but instead may be offered by Hormel Foods to other qualified, like-situated producers in Hormel Foods' buying area.
10. **SUCCESSOR RESPONSIBILITY.** Any successor to the interests of Producer in the hog farming operation from which the hogs contracted for under this Agreement are supplied shall be fully responsible to fulfill Producer's obligations and commitments hereunder. Any assignment, sale or transfer of Producer's interests in its hog farming operation must include notice to the assignee that the assignment/transfer is subject to the terms and conditions of the Long-Term Purchase Agreement with Hormel Foods, and a copy of this Agreement shall be provided to the assignee. The

obligations of this provision shall also apply with equal force to the transfer of Producer's interests to his or her heirs, whether as a result of death, disability, or for any other reason.

Agreed to this _____ day of _____, 19__.

("Producer")

HORMEL FOODS CORPORATION
("Hormel Foods")

By: _____

By: _____

Its: _____

Its: _____

obligations of this provision shall also apply with equal force to the transfer of Producer's interests to his or her heirs, whether as a result of death, disability, or for any other reason.

Agreed to this _____ day of _____, 19__.

("Producer")

HORMEL FOODS CORPORATION
("Hormel Foods")

By: _____

By: _____

Its: _____

Its: _____

("Producer")

By: _____

Its: _____

("Producer")

By: _____

Its: _____

("Producer")

By: _____

Its: _____

**WEEKLY HOG ESTIMATE MUST BE WRITTEN IN APPROPRIATE BLANK IN
PARAGRAPH 3 (b) FOR THIS CONTRACT TO BE VALID.**

LONG-TERM HOG PROCUREMENT AGREEMENT

CONTRACT PRICE DETERMINATION FOR PLANT DELIVERED HOGS:

For ease of understanding examples are in both live prices and carcass prices. However for payment purposes only carcass prices are quoted and used.

Example A:

- 1) These examples are for hogs delivered the Week of April 26 through May 1, 1993. First determine the daily average of the prior week's 10:00 a.m. Hormel Foods' Grade and Yield Plant Delivered Market.

<u>DAY</u>	<u>DATE</u>	<u>LIVE MARKET</u>	<u>MEAT PRICE</u>
Monday	04/19/93	\$45.50	\$62.32
Tuesday	04/20/93	\$45.50	\$62.32
Wednesday	04/21/93	\$46.00	\$63.01
Thursday	04/22/93	\$45.00	\$61.64
Friday	04/23/93	\$45.00	\$61.64
<u>Weekly Average</u>		<u>\$45.40</u>	<u>\$62.19</u>

- 2) Determine 8 week moving average of Omaha corn and Decatur/Central Ill. 44% Soybean Meal. These averages are based on the 8 weeks prior to the previous week. Round corn to the closest \$0.10 per bushel and meal to the closest \$10.00 per ton.

<u>W/E</u>	<u>OMAHA CORN</u>	<u>DECATUR/ CENTRAL ILL 44% MEAL</u>
02/27/93	\$2.02	\$166.50
03/06/93	\$2.07	\$169.30
03/13/93	\$2.10	\$168.50
03/20/93	\$2.11	\$172.25
03/27/93	\$2.15	\$175.30
04/03/93	\$2.17	\$177.30
04/10/93	\$2.18	\$175.75
04/17/93	\$2.19	\$175.00
<u>AVERAGE</u>	<u>\$2.12</u>	<u>\$172.49</u>
<u>ROUNDED</u>	<u>\$2.10</u>	<u>\$170.00</u>

- 3) Determine Guaranteed Minimum Price.

From the Cost Allowance Matrix find the value for \$2.10 corn and \$170 meal.

	<u>LIVE MARKET</u>	<u>MEAT PRICE</u>
Matrix Value	\$36.50	\$50.00
Plus \$5.00 Live, \$6.85 Meat	\$5.00	\$6.85
<u>Guaranteed Minimum Price</u>	<u>\$41.50</u>	<u>\$56.85</u>

- 4) Determine Contract price.

Since last week's average price is greater than the guaranteed minimum price, the midpoint between last week's average price and the guaranteed minimum becomes the contract price.

	<u>LIVE MARKET</u>	<u>MEAT PRICE</u>
Last Week's Average Price	\$45.40	\$62.19
Guaranteed Minimum Price	\$41.50	\$56.85
<u>Contract Price</u>	<u>\$43.45</u>	<u>\$59.52</u>

All Grade & Yield premiums shall be paid to the Producer and calculated at last week's average plant delivered meat price (\$62.19 in this example).

Example A is an example when last week's average price is greater than the guaranteed minimum price.

Example B:

- 1) Assume the daily average of the prior week's 11:00 a.m. Hormel Foods' Grade and Yield Plant Delivered Market is \$35.00.
- 2) Use \$2.10 for corn and \$170.00 for meal as in Example A.
- 3) Guaranteed Minimum Price is \$41.50 as in Example A.
- 4) Determine Contract price.
Since last week's average price is less than the guaranteed minimum price, the guaranteed minimum price becomes the contract price.

	<u>LIVE MARKET</u>	<u>MEAT PRICE</u>
Last Week's Average Price	\$35.00	\$47.94
Guaranteed Minimum Price	\$41.50	\$56.85
<u>Contract Price</u>	<u>\$41.50</u>	<u>\$56.85</u>

All Grade & Yield premiums shall be paid to the Producer and calculated at last week's average plant delivered meat price (\$47.94 in this example).

Example B is an example when last week's average price is less than the guaranteed minimum price.

CONTRACT PRICE DETERMINATION FOR STATION DELIVERED HOGS

Examples A and B are for plant delivered hogs; station delivered hogs will be discounted by the station delivered freight discount in effect at the time of delivery. The following calculations use the current (08/25/97) freight discount of \$0.75 per carcass cwt.

	<u>CONTRACT PRICES</u>		
	<u>Plant Live Price</u>	<u>Plant Meat Price</u>	<u>Station Meat Price</u>
Example A	\$43.45	\$59.52	\$58.77
Example B	\$41.50	\$56.85	\$56.10

	<u>LAST WEEK'S AVERAGE PRICES</u>		
	<u>Plant Live Price</u>	<u>Plant Meat Price</u>	<u>Station Meat Price</u>
Example A	\$45.40	\$62.19	\$61.44
Example B	\$35.00	\$47.94	\$47.19

Example

Cost Allowance Matrix -- \$ per Live Cwt.

PLANT DELIVERED HOGS

05/09/96

Use 8 week moving average of Omaha Corn, round to closest \$0.10/bu.

Use 8 week moving average of Decatur/Central Ill. meal, round to closest \$10.00 per ton.

44% Soymeal

Corn	\$130	\$140	\$150	\$160	\$170	\$180	\$190	\$200	\$210	\$220	\$230	\$240	\$250	\$260	\$270	\$280	\$290	\$300
\$1.40	\$31.40	\$31.80	\$32.20	\$32.60	\$33.00	\$33.40	\$33.80	\$34.20	\$34.60	\$35.00	\$35.40	\$35.80	\$36.20	\$36.60	\$37.00	\$37.40	\$37.80	\$38.20
\$1.50	\$31.90	\$32.30	\$32.70	\$33.10	\$33.50	\$33.90	\$34.30	\$34.70	\$35.10	\$35.50	\$35.90	\$36.30	\$36.70	\$37.10	\$37.50	\$37.90	\$38.30	\$38.70
\$1.60	\$32.40	\$32.80	\$33.20	\$33.60	\$34.00	\$34.40	\$34.80	\$35.20	\$35.60	\$36.00	\$36.40	\$36.80	\$37.20	\$37.60	\$38.00	\$38.40	\$38.80	\$39.20
\$1.70	\$32.90	\$33.30	\$33.70	\$34.10	\$34.50	\$34.90	\$35.30	\$35.70	\$36.10	\$36.50	\$36.90	\$37.30	\$37.70	\$38.10	\$38.50	\$38.90	\$39.30	\$39.70
\$1.80	\$33.40	\$33.80	\$34.20	\$34.60	\$35.00	\$35.40	\$35.80	\$36.20	\$36.60	\$37.00	\$37.40	\$37.80	\$38.20	\$38.60	\$39.00	\$39.40	\$39.80	\$40.20
\$1.90	\$33.90	\$34.30	\$34.70	\$35.10	\$35.50	\$35.90	\$36.30	\$36.70	\$37.10	\$37.50	\$37.90	\$38.30	\$38.70	\$39.10	\$39.50	\$39.90	\$40.30	\$40.70
\$2.00	\$34.40	\$34.80	\$35.20	\$35.60	\$36.00	\$36.40	\$36.80	\$37.20	\$37.60	\$38.00	\$38.40	\$38.80	\$39.20	\$39.60	\$40.00	\$40.40	\$40.80	\$41.20
\$2.10	\$34.90	\$35.30	\$35.70	\$36.10	\$36.50	\$36.90	\$37.30	\$37.70	\$38.10	\$38.50	\$38.90	\$39.30	\$39.70	\$40.10	\$40.50	\$40.90	\$41.30	\$41.70
\$2.20	\$35.40	\$35.80	\$36.20	\$36.60	\$37.00	\$37.40	\$37.80	\$38.20	\$38.60	\$39.00	\$39.40	\$39.80	\$40.20	\$40.60	\$41.00	\$41.40	\$41.80	\$42.20
\$2.30	\$35.90	\$36.30	\$36.70	\$37.10	\$37.50	\$37.90	\$38.30	\$38.70	\$39.10	\$39.50	\$39.90	\$40.30	\$40.70	\$41.10	\$41.50	\$41.90	\$42.30	\$42.70
\$2.40	\$36.40	\$36.80	\$37.20	\$37.60	\$38.00	\$38.40	\$38.80	\$39.20	\$39.60	\$40.00	\$40.40	\$40.80	\$41.20	\$41.60	\$42.00	\$42.40	\$42.80	\$43.20
\$2.50	\$36.90	\$37.30	\$37.70	\$38.10	\$38.50	\$38.90	\$39.30	\$39.70	\$40.10	\$40.50	\$40.90	\$41.30	\$41.70	\$42.10	\$42.50	\$42.90	\$43.30	\$43.70
\$2.60	\$37.40	\$37.80	\$38.20	\$38.60	\$39.00	\$39.40	\$39.80	\$40.20	\$40.60	\$41.00	\$41.40	\$41.80	\$42.20	\$42.60	\$43.00	\$43.40	\$43.80	\$44.20
\$2.70	\$37.90	\$38.30	\$38.70	\$39.10	\$39.50	\$39.90	\$40.30	\$40.70	\$41.10	\$41.50	\$41.90	\$42.30	\$42.70	\$43.10	\$43.50	\$43.90	\$44.30	\$44.70
\$2.80	\$38.40	\$38.80	\$39.20	\$39.60	\$40.00	\$40.40	\$40.80	\$41.20	\$41.60	\$42.00	\$42.40	\$42.80	\$43.20	\$43.60	\$44.00	\$44.40	\$44.80	\$45.20
\$2.90	\$38.90	\$39.30	\$39.70	\$40.10	\$40.50	\$40.90	\$41.30	\$41.70	\$42.10	\$42.50	\$42.90	\$43.30	\$43.70	\$44.10	\$44.50	\$44.90	\$45.30	\$45.70
\$3.00	\$39.40	\$39.80	\$40.20	\$40.60	\$41.00	\$41.40	\$41.80	\$42.20	\$42.60	\$43.00	\$43.40	\$43.80	\$44.20	\$44.60	\$45.00	\$45.40	\$45.80	\$46.20
\$3.10	\$39.90	\$40.30	\$40.70	\$41.10	\$41.50	\$41.90	\$42.30	\$42.70	\$43.10	\$43.50	\$43.90	\$44.30	\$44.70	\$45.10	\$45.50	\$45.90	\$46.30	\$46.70
\$3.20	\$40.40	\$40.80	\$41.20	\$41.60	\$42.00	\$42.40	\$42.80	\$43.20	\$43.60	\$44.00	\$44.40	\$44.80	\$45.20	\$45.60	\$46.00	\$46.40	\$46.80	\$47.20
\$3.30	\$40.90	\$41.30	\$41.70	\$42.10	\$42.50	\$42.90	\$43.30	\$43.70	\$44.10	\$44.50	\$44.90	\$45.30	\$45.70	\$46.10	\$46.50	\$46.90	\$47.30	\$47.70
\$3.40	\$41.40	\$41.80	\$42.20	\$42.60	\$43.00	\$43.40	\$43.80	\$44.20	\$44.60	\$45.00	\$45.40	\$45.80	\$46.20	\$46.60	\$47.00	\$47.40	\$47.80	\$48.20
\$3.50	\$41.90	\$42.30	\$42.70	\$43.10	\$43.50	\$43.90	\$44.30	\$44.70	\$45.10	\$45.50	\$45.90	\$46.30	\$46.70	\$47.10	\$47.50	\$47.90	\$48.30	\$48.70
\$3.60	\$42.40	\$42.80	\$43.20	\$43.60	\$44.00	\$44.40	\$44.80	\$45.20	\$45.60	\$46.00	\$46.40	\$46.80	\$47.20	\$47.60	\$48.00	\$48.40	\$48.80	\$49.20
\$3.70	\$42.90	\$43.30	\$43.70	\$44.10	\$44.50	\$44.90	\$45.30	\$45.70	\$46.10	\$46.50	\$46.90	\$47.30	\$47.70	\$48.10	\$48.50	\$48.90	\$49.30	\$49.70
\$3.80	\$43.40	\$43.80	\$44.20	\$44.60	\$45.00	\$45.40	\$45.80	\$46.20	\$46.60	\$47.00	\$47.40	\$47.80	\$48.20	\$48.60	\$49.00	\$49.40	\$49.80	\$50.20
\$3.90	\$43.90	\$44.30	\$44.70	\$45.10	\$45.50	\$45.90	\$46.30	\$46.70	\$47.10	\$47.50	\$47.90	\$48.30	\$48.70	\$49.10	\$49.50	\$49.90	\$50.30	\$50.70
\$4.00	\$44.40	\$44.80	\$45.20	\$45.60	\$46.00	\$46.40	\$46.80	\$47.20	\$47.60	\$48.00	\$48.40	\$48.80	\$49.20	\$49.60	\$50.00	\$50.40	\$50.80	\$51.20
\$4.10	\$44.90	\$45.30	\$45.70	\$46.10	\$46.50	\$46.90	\$47.30	\$47.70	\$48.10	\$48.50	\$48.90	\$49.30	\$49.70	\$50.10	\$50.50	\$50.90	\$51.30	\$51.70
\$4.20	\$45.40	\$45.80	\$46.20	\$46.60	\$47.00	\$47.40	\$47.80	\$48.20	\$48.60	\$49.00	\$49.40	\$49.80	\$50.20	\$50.60	\$51.00	\$51.40	\$51.80	\$52.20
\$4.30	\$45.90	\$46.30	\$46.70	\$47.10	\$47.50	\$47.90	\$48.30	\$48.70	\$49.10	\$49.50	\$49.90	\$50.30	\$50.70	\$51.10	\$51.50	\$51.90	\$52.30	\$52.70
\$4.40	\$46.40	\$46.80	\$47.20	\$47.60	\$48.00	\$48.40	\$48.80	\$49.20	\$49.60	\$50.00	\$50.40	\$50.80	\$51.20	\$51.60	\$52.00	\$52.40	\$52.80	\$53.20
\$4.50	\$46.90	\$47.30	\$47.70	\$48.10	\$48.50	\$48.90	\$49.30	\$49.70	\$50.10	\$50.50	\$50.90	\$51.30	\$51.70	\$52.10	\$52.50	\$52.90	\$53.30	\$53.70
\$4.60	\$47.40	\$47.80	\$48.20	\$48.60	\$49.00	\$49.40	\$49.80	\$50.20	\$50.60	\$51.00	\$51.40	\$51.80	\$52.20	\$52.60	\$53.00	\$53.40	\$53.80	\$54.20
\$4.70	\$47.90	\$48.30	\$48.70	\$49.10	\$49.50	\$49.90	\$50.30	\$50.70	\$51.10	\$51.50	\$51.90	\$52.30	\$52.70	\$53.10	\$53.50	\$53.90	\$54.30	\$54.70
\$4.80	\$48.40	\$48.80	\$49.20	\$49.60	\$50.00	\$50.40	\$50.80	\$51.20	\$51.60	\$52.00	\$52.40	\$52.80	\$53.20	\$53.60	\$54.00	\$54.40	\$54.80	\$55.20

Cost Allowance Matrix --- \$ per Carcass Cwt.

03/17/97

PLANT DELIVERED HOGS

Use 8 week moving average of Omaha Corn, round to closest \$0.10bu.

Use 8 week moving average of Decatur/Central Ill. meal, round to closest \$10.00 per ton.

For corn and soy meal prices outside the range of this matrix a \$0.10 change in corn changes the matrix value by \$0.68 and a \$10.00 change in meal changes the matrix value \$0.55.

44% Soy meal

Corn	\$130	\$140	\$150	\$160	\$170	\$180	\$190	\$200	\$210	\$220	\$230	\$240	\$250	\$260	\$270	\$280	\$290	\$300
\$1.40	\$43.01	\$43.56	\$44.11	\$44.66	\$45.21	\$45.75	\$46.30	\$46.85	\$47.40	\$47.95	\$48.49	\$49.04	\$49.59	\$50.14	\$50.68	\$51.23	\$51.78	\$52.33
\$1.50	\$43.70	\$44.25	\$44.79	\$45.34	\$45.89	\$46.44	\$46.99	\$47.53	\$48.08	\$48.63	\$49.18	\$49.73	\$50.27	\$50.82	\$51.37	\$51.92	\$52.47	\$53.01
\$1.60	\$44.38	\$44.93	\$45.48	\$46.03	\$46.58	\$47.12	\$47.67	\$48.22	\$48.77	\$49.32	\$49.86	\$50.41	\$50.96	\$51.51	\$52.05	\$52.60	\$53.15	\$53.70
\$1.70	\$45.07	\$45.62	\$46.16	\$46.71	\$47.26	\$47.81	\$48.36	\$48.90	\$49.45	\$50.00	\$50.55	\$51.10	\$51.64	\$52.19	\$52.74	\$53.29	\$53.84	\$54.38
\$1.80	\$45.75	\$46.30	\$46.85	\$47.40	\$47.95	\$48.49	\$49.04	\$49.59	\$50.14	\$50.68	\$51.23	\$51.78	\$52.33	\$52.88	\$53.42	\$53.97	\$54.52	\$55.07
\$1.90	\$46.44	\$46.99	\$47.53	\$48.08	\$48.63	\$49.18	\$49.73	\$50.27	\$50.82	\$51.37	\$51.92	\$52.47	\$53.01	\$53.56	\$54.11	\$54.66	\$55.21	\$55.75
\$2.00	\$47.12	\$47.67	\$48.22	\$48.77	\$49.32	\$49.86	\$50.41	\$50.96	\$51.51	\$52.05	\$52.60	\$53.15	\$53.70	\$54.25	\$54.79	\$55.34	\$55.89	\$56.44
\$2.10	\$47.81	\$48.36	\$48.90	\$49.45	\$50.00	\$50.55	\$51.10	\$51.64	\$52.19	\$52.74	\$53.29	\$53.84	\$54.38	\$54.93	\$55.48	\$56.03	\$56.58	\$57.12
\$2.20	\$48.49	\$49.04	\$49.59	\$50.14	\$50.68	\$51.23	\$51.78	\$52.33	\$52.88	\$53.42	\$53.97	\$54.52	\$55.07	\$55.62	\$56.16	\$56.71	\$57.26	\$57.81
\$2.30	\$49.18	\$49.73	\$50.27	\$50.82	\$51.37	\$51.92	\$52.47	\$53.01	\$53.56	\$54.11	\$54.66	\$55.21	\$55.75	\$56.30	\$56.85	\$57.40	\$57.95	\$58.49
\$2.40	\$49.86	\$50.41	\$50.96	\$51.51	\$52.05	\$52.60	\$53.15	\$53.70	\$54.25	\$54.79	\$55.34	\$55.89	\$56.44	\$56.99	\$57.53	\$58.08	\$58.63	\$59.18
\$2.50	\$50.55	\$51.10	\$51.64	\$52.19	\$52.74	\$53.29	\$53.84	\$54.38	\$54.93	\$55.48	\$56.03	\$56.58	\$57.12	\$57.67	\$58.22	\$58.77	\$59.32	\$59.86
\$2.60	\$51.23	\$51.78	\$52.33	\$52.88	\$53.42	\$53.97	\$54.52	\$55.07	\$55.62	\$56.16	\$56.71	\$57.26	\$57.81	\$58.36	\$58.90	\$59.45	\$60.00	\$60.55
\$2.70	\$51.92	\$52.47	\$53.01	\$53.56	\$54.11	\$54.66	\$55.21	\$55.75	\$56.30	\$56.85	\$57.40	\$57.95	\$58.49	\$59.04	\$59.59	\$60.14	\$60.68	\$61.23
\$2.80	\$52.60	\$53.15	\$53.70	\$54.25	\$54.79	\$55.34	\$55.89	\$56.44	\$56.99	\$57.53	\$58.08	\$58.63	\$59.18	\$59.73	\$60.27	\$60.82	\$61.37	\$61.92
\$2.90	\$53.29	\$53.84	\$54.38	\$54.93	\$55.48	\$56.03	\$56.58	\$57.12	\$57.67	\$58.22	\$58.77	\$59.32	\$59.86	\$60.41	\$60.96	\$61.51	\$62.05	\$62.60
\$3.00	\$53.97	\$54.52	\$55.07	\$55.62	\$56.16	\$56.71	\$57.26	\$57.81	\$58.36	\$58.90	\$59.45	\$60.00	\$60.55	\$61.10	\$61.64	\$62.19	\$62.74	\$63.29
\$3.10	\$54.66	\$55.21	\$55.75	\$56.30	\$56.85	\$57.40	\$57.95	\$58.49	\$59.04	\$59.59	\$60.14	\$60.68	\$61.23	\$61.78	\$62.33	\$62.88	\$63.42	\$63.97
\$3.20	\$55.34	\$55.89	\$56.44	\$56.99	\$57.53	\$58.08	\$58.63	\$59.18	\$59.73	\$60.27	\$60.82	\$61.37	\$61.92	\$62.47	\$63.01	\$63.56	\$64.11	\$64.66
\$3.30	\$56.03	\$56.58	\$57.12	\$57.67	\$58.22	\$58.77	\$59.32	\$59.86	\$60.41	\$60.96	\$61.51	\$62.05	\$62.60	\$63.15	\$63.70	\$64.25	\$64.79	\$65.34
\$3.40	\$56.71	\$57.26	\$57.81	\$58.36	\$58.90	\$59.45	\$60.00	\$60.55	\$61.10	\$61.64	\$62.19	\$62.74	\$63.29	\$63.84	\$64.38	\$64.93	\$65.48	\$66.03
\$3.50	\$57.40	\$57.95	\$58.49	\$59.04	\$59.59	\$60.14	\$60.68	\$61.23	\$61.78	\$62.33	\$62.88	\$63.42	\$63.97	\$64.52	\$65.07	\$65.62	\$66.16	\$66.71
\$3.60	\$58.08	\$58.63	\$59.18	\$59.73	\$60.27	\$60.82	\$61.37	\$61.92	\$62.47	\$63.01	\$63.56	\$64.11	\$64.66	\$65.21	\$65.75	\$66.30	\$66.85	\$67.40
\$3.70	\$58.77	\$59.32	\$59.86	\$60.41	\$60.96	\$61.51	\$62.05	\$62.60	\$63.15	\$63.70	\$64.25	\$64.79	\$65.34	\$65.89	\$66.44	\$66.99	\$67.53	\$68.08
\$3.80	\$59.45	\$60.00	\$60.55	\$61.10	\$61.64	\$62.19	\$62.74	\$63.29	\$63.84	\$64.38	\$64.93	\$65.48	\$66.03	\$66.58	\$67.12	\$67.67	\$68.22	\$68.77
\$3.90	\$60.14	\$60.68	\$61.23	\$61.78	\$62.33	\$62.88	\$63.42	\$63.97	\$64.52	\$65.07	\$65.62	\$66.16	\$66.71	\$67.26	\$67.81	\$68.36	\$68.90	\$69.45
\$4.00	\$60.82	\$61.37	\$61.92	\$62.47	\$63.01	\$63.56	\$64.11	\$64.66	\$65.21	\$65.75	\$66.30	\$66.85	\$67.40	\$67.95	\$68.49	\$69.04	\$69.59	\$70.14
\$4.10	\$61.51	\$62.05	\$62.60	\$63.15	\$63.70	\$64.25	\$64.79	\$65.34	\$65.89	\$66.44	\$66.99	\$67.53	\$68.08	\$68.63	\$69.18	\$69.73	\$70.27	\$70.82
\$4.20	\$62.19	\$62.74	\$63.29	\$63.84	\$64.38	\$64.93	\$65.48	\$66.03	\$66.58	\$67.12	\$67.67	\$68.22	\$68.77	\$69.32	\$69.86	\$70.41	\$70.96	\$71.51
\$4.30	\$62.88	\$63.42	\$63.97	\$64.52	\$65.07	\$65.62	\$66.16	\$66.71	\$67.26	\$67.81	\$68.36	\$68.90	\$69.45	\$70.00	\$70.55	\$71.10	\$71.64	\$72.19
\$4.40	\$63.56	\$64.11	\$64.66	\$65.21	\$65.75	\$66.30	\$66.85	\$67.40	\$67.95	\$68.49	\$69.04	\$69.59	\$70.14	\$70.68	\$71.23	\$71.78	\$72.33	\$72.88
\$4.50	\$64.25	\$64.79	\$65.34	\$65.89	\$66.44	\$66.99	\$67.53	\$68.08	\$68.63	\$69.18	\$69.73	\$70.27	\$70.82	\$71.37	\$71.92	\$72.47	\$73.01	\$73.56
\$4.60	\$64.93	\$65.48	\$66.03	\$66.58	\$67.12	\$67.67	\$68.22	\$68.77	\$69.32	\$69.86	\$70.41	\$70.96	\$71.51	\$72.05	\$72.60	\$73.15	\$73.70	\$74.25
\$4.70	\$65.62	\$66.16	\$66.71	\$67.26	\$67.81	\$68.36	\$68.90	\$69.45	\$70.00	\$70.55	\$71.10	\$71.64	\$72.19	\$72.74	\$73.29	\$73.84	\$74.38	\$74.93
\$4.80	\$66.30	\$66.85	\$67.40	\$67.95	\$68.49	\$69.04	\$69.59	\$70.14	\$70.68	\$71.23	\$71.78	\$72.33	\$72.88	\$73.42	\$73.97	\$74.52	\$75.07	\$75.62